



Cold Climate Housing Research Center

CCHRC

**Fairbanks Nonprofit Retrofit Pilot
Thursday April 7th 2015**

Pilot Goals & Progress

1. To demonstrate bundling of contracts and efforts for audits, financing, construction, recommissioning, and monitoring.

- We have collected information relating to potential savings by bundling auditor contracts for single, multiple and selectively bundled building audits.
- We have identified a few general and mechanical contractors that regularly participate in energy performance contracting projects who can do construction at cost of materials and labor, increasing ROI and SIR values by lowering investment costs.
- As the pilot project advances, we will evaluate potential benefits of bundling the financing, construction, recommissioning, and monitoring contracts.

2. To demonstrate whether energy audits are a good predictor of cost savings. To date, there is limited documentation on commercial scale energy audit results.

- The auditing process finished this quarter. Nonprofit participants will choose which recommended retrofits to undertake in coming months. Some have decided to opt out of financing for organizational reasons. Once retrofits have been implemented we will be able to review post-retrofit energy bills as a general proxy for change in energy performance.
- Auditors, based on past experience in the industry, have different expectations about how projects develop from audit to implementation. One of the reasons little information exists about the energy savings accuracy of commercial energy audits is because few of the recommendations have been undertaken and there is relatively little feedback from end users over time.

3. Test the theories and models in Fairbanks, Alaska where a successful outcome is expected and the margin for error is forgiving since the heat demand is so great. The opportunity for achieving cost savings is more likely than in more moderate temperate zones.

- In progress.

4. If successful in Fairbanks, identify lessons learned from the pilot, which could be deployed to other rural Alaska communities.

- In progress.

Additional Partner Goals

1. Evaluate the potential to transition from a grant-funded model of financing energy efficiency retrofits in the nonprofit sector to a finance-funded model.

- All of the nonprofit participants in the pilot project have received their energy audits in the third quarter. Based on the information contained in the audit, 3rd party cost estimates and contractor bids, nonprofits board members will decide whether to pursue financing for the recommended EEMs. CCHRC will learn from the nonprofits what considerations they had when deciding whether to pursue financing. This should elucidate considerations for transitioning (at least in part) from grant funding to financing of energy efficiency retrofits.
- The first pilot EEM recommendation considered for finance is a boiler replacement at Fairbanks Resource Agency. Currently, the FRA board has approved the corporate resolution to borrow, construction is underway and the loan has been underwritten.

2. Evaluate the importance of filling capacity gaps in the nonprofit sector (and other sectors) as a means of effectuating energy efficiency retrofits through a finance-funded model.

- Several gaps have emerged to date.
 - A need for facilitation between retrofit process steps is needed to maintain project momentum and develop an energy audit into a financeable action plan.
 - There is a need for program education upfront in order to help the nonprofit become familiar and comfortable with a finance-funded model.
 - Stakeholder engagement within the nonprofit and between the nonprofit and energy auditor is essential. The existing pattern of engagement is that a specified energy audit is given to the client and the level of engagement is not sufficient to understand and act on the audit. Part of the dynamic appears to be that the funding source determines the relationship the auditor and client will have by requiring a certain type of audit for a set amount of money. This can limit flexibility of auditing services and restrict post-audit engagement.

- Design work can be necessary in some cases in order to obtain construction bids. Without the certainty that the recommendation will be implemented, design costs typically fall on the client to pay-out-of-pocket.
- Nonprofits have varying levels of capacity to navigate the process. While auditors, contractors, and RCAC are certainly able to contribute to some of these gaps, an overall project developer seems to be important for the following reasons:
 - To be a temporary project manager on behalf of the nonprofit; essentially keeping the stakeholders aligned and moving forward to a point of decision.
- We are working with funders to find a workable solution that doesn't involve either the client paying out of pocket or full grant funding. We are amending the pilot scope to include partial funding for necessary 35-percent design work to prevent passing the burdensome upfront costs onto the Nonprofit.

Progress Report

- All of the audits have been completed
- Vanessa Stevens has joined the FNRP project to help undertake the extensive reporting process.
- FNRP coordinator has developed a stewardship and communications plan to assure each nonprofit has a full understanding of the pilot expectations and services through the end of the year and post-pilot project.
- Danny Powers testified on behalf of the pilot project at the request of Representative Kreiss-Tompkins request for HB58 during the Energy and Labor & Commerce committees.
- HB 58 remains to be scheduled in the house finance committee.
- Twelve of the twelve audits have been completed. All of the tier I audits, resulted in further tier II auditing work.
- Achieving board approval during the loan process can be lengthy. We have collected competitive bids for EEM recommendations and found that great care is required to compare quotes and prepare board members for decision-making.
- FNRP has developed a decision matrix with all of the projects ranked based on their feasibility from a construction, cost and board willingness.
- Major milestones in the first quarter in 2015 included:
 - Design cost assessments and re-scoping of auditor work plans
 - Completion of all audits

- Interviews of the auditors and auditing process
 - 3rd party review of the construction costs for the Carol Brice Center envelope rewrap design project
 - Re-bundling of EEMs
 - Loan facilitation
 - Construction bidding
 - Construction planning
 - Board Approvals
 - Stone Soup Café
 - Fairbanks Community Hospital Foundation
 - Reporting and Interviews
- Major Milestones for the second quarter of 2015 will include:
 - An interim report outline will be sent out to the advisory committee for review before the drafting process begins
 - Construction bidding
 - Procuring funding for and contracting needed design work
 - Estimating design costs for Carol Brice Center
 - Preparing and comparing costs
 - Presenting loan information packages to RCAC
 - Developed scope from energy audits with review from energy service professionals- Johnson River Enterprises
 - Combining scoped energy efficiency recommendations with needed deferred maintenance.
 - Discussing scoped proposal with six remaining interested facility owners
 - Dog Musher's
 - Center for Nonviolent Living
 - Fairbanks Community Hospital Foundation
 - Stone Soup Café
 - St Matthew's Church
 - TCC
 - First draft of the introduction and methodology will be completed and reviewed internally
 - RCAC and the Rasmuson Foundation have been working to determine whether deferred maintenance and depreciation categories under State and Federal grants can be used as source of repayment for energy efficiency loans.